

**Introduced by Senator Maldonado**

February 24, 2006

---

An act to add Section 15438.9 to the Government Code, and to add and repeal Sections 17053.87 and 23687 of the Revenue and Taxation Code, relating to public health.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1672, as introduced, Maldonado. Public health: health care technology systems: tax credit: loans.

(1) Existing law authorizes the California Health Facilities Financing Authority to, among other things, make secured and unsecured loans to any participating health institution in connection with the financing of a project or working capital in accordance with an agreement between the authority and the participating health institution.

This bill would require the authority to establish a low-interest loan program to provide any participating health institution, health facility, hospital, long-term care facility, or licensed physician and surgeon with financing for the costs of purchasing a health care information technology system, as defined. It would also require the authority, by January 1, 2008, and on an annual basis thereafter, to provide a report on the status and utilization of this loan program to the Assembly Committee on Health and the Senate Committee on Health.

(2) The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would authorize, for taxable years beginning on or after January 1, 2007, and before January 1, 2012, a tax credit in an amount equal to 15% of the cost that is paid or incurred by a qualified

taxpayer, as defined, during the taxable year for the purchase of health care information technology, as defined.

This bill would also require the Franchise Tax Board, by January 1, 2008, and on an annual basis thereafter, to provide a report on the utilization of the tax credit to the chairs and vice chairs of the Assembly Committee on Health, the Assembly Committee on Revenue and Taxation, the Senate Committee on Health, and the Senate Committee on Revenue and Taxation.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 15438.9 is added to the Government  
2 Code, to read:

3 15438.9. (a) The authority shall establish a low-interest loan  
4 program to provide any participating health institution, health  
5 facility, hospital, long-term care facility, or licensed physician  
6 and surgeon, whose primary business is health care, with  
7 financing for the costs of purchasing a health care information  
8 technology systems, as defined in Sections 17053.87 and 23687  
9 of the Revenue and Taxation Code. Subject to the California  
10 Constitution, the State General Obligation Bond Law (Chapter 4  
11 (commencing with Section 16720) of Part 3 of Division 4), and  
12 this part, moneys from the Health Facilities Financing Fund may  
13 be used, upon appropriation by the Legislature, for purposes of  
14 this program. In establishing this program, the authority shall  
15 consider the federal direct student loan program as a model.

16 (b) A health institution, health care facility, hospital, long-term  
17 care facility, or licensed physician and surgeon who receives a  
18 loan under this section is ineligible for a tax credit under Sections  
19 17053.84 and 23687 of the Revenue and Taxation Code.

20 (c) On or before January 1, 2008, and on an annual basis  
21 thereafter, the authority shall provide a report on the status and  
22 utilization of the loan program, described in subdivision (a), to  
23 the respective chairs and vice chairs of the Assembly Committee  
24 on Health and the Senate Committee on Health.

25 SEC. 2. Section 17053.87 is added to the Revenue and  
26 Taxation Code, to read:

1 17053.87. (a) For each taxable year beginning on or after  
2 January 1, 2007, and before January 1, 2012, there shall be  
3 allowed as a credit against the “net tax,” as defined in Section  
4 17039, an amount equal to 15 percent of the cost that is paid or  
5 incurred by a qualified taxpayer during the taxable year for the  
6 purchase of health care information technology.

7 (b) For purposes of this section:

8 (1) “Health care information technology” means information  
9 technology purchased by a qualified taxpayer that will aid in the  
10 provision of health care in a health care setting, including, but not  
11 limited to, electronic medical records. “Health care information  
12 technology” shall not include information technology whose sole  
13 use is financial management, maintenance of inventory of basic  
14 supplies, or appointment scheduling.

15 (2) “Qualified taxpayer” means a for-profit or nonprofit health  
16 institution, health facility, hospital, long-term care facility, or  
17 licensed physician and surgeon whose primary business is health  
18 care.

19 (c) A qualified taxpayer who is allocated a tax credit under  
20 this section is ineligible for a loan under Section 15438.9 of the  
21 Government Code.

22 (d) On or before January 1, 2008, and on an annual basis  
23 thereafter, the Franchise Tax Board shall provide a report on the  
24 utilization of the tax credit described in this section to the chairs  
25 and vice chairs of the Assembly Committee on Health, the  
26 Assembly Committee on Revenue and Taxation, the Senate  
27 Committee on Health, and the Senate Committee on Revenue  
28 and Taxation.

29 (e) This section shall remain in effect only until December 1,  
30 2012, and as of that date is repealed.

31 SEC. 3. Section 23687 is added to the Revenue and Taxation  
32 Code, to read:

33 23687. (a) For each taxable year beginning on or after  
34 January 1, 2007, and before January 1, 2012, there shall be  
35 allowed as a credit against the “tax,” as defined in Section 23036,  
36 an amount equal to 15 percent of the cost that is paid or incurred  
37 by a qualified taxpayer during the taxable year for the purchase  
38 of health care information technology.

39 (b) For purposes of this section:

1 (1) “Health care information technology” means information  
2 technology purchased by a qualified taxpayer that will aid in the  
3 provision of health care in a health care setting, including, but not  
4 limited to, electronic medical records. “Health care information  
5 technology” shall not include information technology whose sole  
6 use is financial management, maintenance of inventory of basic  
7 supplies, or appointment scheduling.

8 (2) “Qualified taxpayer” means a for-profit or nonprofit health  
9 institution, health facility, hospital, long-term care facility, or  
10 licensed physician and surgeon whose primary business is health  
11 care.

12 (c) A qualified taxpayer who is allocated a tax credit under  
13 this section is ineligible for a loan under Section 15438.9 of the  
14 Government Code.

15 (d) On or before January 1, 2008, and on an annual basis  
16 thereafter, the Franchise Tax Board shall provide a report on the  
17 utilization of the tax credit described in this section to the chairs  
18 and vice chairs of the Assembly Committee on Health, the  
19 Assembly Committee on Revenue and Taxation, the Senate  
20 Committee on Health, and the Senate Committee on Revenue  
21 and Taxation.

22 (e) This section shall remain in effect only until December 1,  
23 2012, and as of that date is repealed.